



General Assembly

January Session, 2001

Raised Bill No. 791

LCO No. 2859

Referred to Committee on Banks

Introduced by:
(BA)

***AN ACT CONCERNING COMMUNITY REINVESTMENT BY
COMMUNITY CREDIT UNIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-3 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 Other definitions applying to this title or to specified parts thereof
4 and the sections in which they appear are:

- 5 "Account". Sections 36a-155 and 36a-365.
- 6 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.
- 7 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.
- 8 "Agency bank". Section 36a-285.
- 9 "Alternative mortgage loan". Section 36a-265.
- 10 "Amount financed". Section 36a-690.
- 11 "Annual percentage rate". Section 36a-690.
- 12 "Annual percentage yield". Section 36a-316.
- 13 "Applicant". Section 36a-736.
- 14 "Assessment area". Section 2 of this act.
- 15 "Associate". Section 36a-184.
- 16 "Bank". Section 36a-30.
- 17 "Bankers' bank". Section 36a-70.

18 "Banking business". Section 36a-425.
 19 "Billing cycle". Section 36a-565.
 20 "Bona fide nonprofit organization". Section 36a-655.
 21 "Branch". Sections 36a-145 and 36a-410.
 22 "Branch or agency net payment entitlement". Section 36a-428n.
 23 "Branch or agency net payment obligation". Section 36a-428n.
 24 "Broker". Section 36a-510.
 25 "Business and industrial development corporation". Section 36a-
 26 626.
 27 "Business and property in this state". Section 36a-428n.
 28 "Cash advance". Section 36a-564.
 29 "Cash price". Section 36a-770.
 30 "Certificate of organization". Section 36a-435.
 31 "Closely related activities". Section 36a-250.
 32 "Collective managing agency account". Section 36a-365.
 33 "Commercial vehicle". Section 36a-770.
 34 "Community bank". Section 36a-70.
 35 "Community credit union". Section 2 of this act.
 36 "Community development bank". Section 36a-70.
 37 "Community reinvestment performance". Section 2 of this act.
 38 "Connecticut holding company". Section 36a-410.
 39 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
 40 "Consumer Credit Protection Act". Section 36a-676.
 41 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
 42 "Consumer collection agency". Section 36a-800.
 43 "Controlling interest". Section 36a-276.
 44 "Credit". Sections 36a-645 and 36a-676.
 45 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
 46 "Credit card", "cardholder" and "card issuer". Section 36a-676.
 47 "Credit clinic". Section 36a-695.
 48 "Credit rating agency". Section 36a-695.
 49 "Credit report". Section 36a-695.
 50 "Credit sale". Section 36a-676.
 51 "De novo branch". Section 36a-410.
 52 "Debt". Section 36a-645.
 53 "Debt adjustment". Section 36a-655.
 54 "Debt mutual fund". Section 36a-275.
 55 "Debt securities". Section 36a-275.
 56 "Deliver". Section 36a-316.
 57 "Deposit". Section 36a-316.
 58 "Deposit account". Section 36a-316.

- 59 "Deposit account charge". Section 36a-316.
- 60 "Deposit account disclosures". Section 36a-316.
- 61 "Deposit contract". Section 36a-316.
- 62 "Deposit services". Section 36a-425.
- 63 "Depositor". Section 36a-316.
- 64 "Earning period". Section 36a-316.
- 65 "Electronic payment instrument". Section 36a-596.
- 66 "Eligible account holder". Section 36a-136.
- 67 "Eligible collateral". Section 36a-330.
- 68 "Equity mutual fund". Section 36a-276.
- 69 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- 70 "Fiduciary". Section 36a-365.
- 71 "Filing fee". Section 36a-770.
- 72 "Finance charge". Sections 36a-690 and 36a-770.
- 73 "Financial institution". Sections 36a-41, 36a-155, 36a-316, 36a-330
- 74 and 36a-736.
- 75 "Financial records". Section 36a-41.
- 76 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- 77 "Fiscal year". Section 36a-435.
- 78 "Foreign banking corporation". Section 36a-425.
- 79 "General facility". Section 36a-580.
- 80 "Global net payment entitlement". Section 36a-428n.
- 81 "Global net payment obligation". Section 36a-428n.
- 82 "Goods". Sections 36a-535 and 36a-770.
- 83 "Graduated payment mortgage loan". Section 36a-265.
- 84 "Guardian". Section 36a-365.
- 85 "Holder". Section 36a-596.
- 86 "Home banking services". Section 36a-170.
- 87 "Home banking terminal". Section 36a-170.
- 88 "Home improvement loan". Section 36a-736.
- 89 "Home purchase loan". Section 36a-736.
- 90 "Home state". Section 36a-410.
- 91 "Immediate family". Section 36a-435.
- 92 "Installment loan contract". Sections 36a-535 and 36a-770.
- 93 "Instrument". Section 36a-596.
- 94 "Insurance bank". Section 36a-285.
- 95 "Insurance department". Section 36a-285.
- 96 "Interest". Section 36a-316.
- 97 "Interest rate". Section 36a-316.
- 98 "Lender". Sections 36a-510 and 36a-770.
- 99 "Lessor". Section 36a-676.

100	"License". Section 36a-626.
101	"Licensee". Sections 36a-510, 36a-596 and 36a-626.
102	"Limited branch". Section 36a-145.
103	"Limited facility". Section 36a-580.
104	"Loan broker". Section 36a-615.
105	"Loss". Section 36a-330.
106	"Made in this state". Section 36a-770.
107	"Managing agent". Section 36a-365.
108	"Member". Section 36a-435.
109	"Membership share". Section 36a-435.
110	"Money order". Section 36a-596.
111	"Mortgage broker". Section 36a-485.
112	"Mortgage insurance". Section 36a-725.
113	"Mortgage lender". Sections 36a-485 and 36a-705.
114	"Mortgage loan". Sections 36a-261 and 36a-265.
115	"Mortgage rate lock-in". Section 36a-705.
116	"Mortgage servicing company". Section 36a-715.
117	"Mortgagor". Section 36a-715.
118	"Motor vehicle". Section 36a-770.
119	"Multiple common bond membership". Section 36a-435.
120	"Municipality". Section 36a-800.
121	"Net worth". Section 36a-596.
122	"Network". Section 36a-155.
123	"Note account". Sections 36a-301 and 36a-445.
124	"Office". Section 36a-316.
125	"Open-end credit plan". Section 36a-676.
126	"Open-end loan". Section 36a-565.
127	"Organization". Section 36a-800.
128	"Out-of-state holding company". Section 36a-410.
129	"Outstanding". Section 36a-596.
130	"Passbook savings account". Section 36a-316.
131	"Periodic statement". Section 36a-316.
132	"Permissible investment". Section 36a-596.
133	"Person". Section 36a-184.
134	"Post". Section 36a-316.
135	"Prime quality". Section 36a-596.
136	"Principal amount of the loan". Section 36a-510.
137	"Principal officer". Section 36a-485.
138	"Processor". Section 36a-155.
139	"Public deposit". Section 36a-330.
140	"Purchaser". Section 36a-596.

141 "Qualified financial contract". Section 36a-428n.
142 "Qualified public depository" and "depository". Section 36a-330.
143 "Records". Section 36a-17.
144 "Relocate". Section 36a-145.
145 "Residential property". Section 36a-485.
146 "Retail buyer". Sections 36a-535 and 36a-770.
147 "Retail credit transaction". Section 42-100b.
148 "Retail deposits". Section 36a-70.
149 "Retail instalment contract". Sections 36a-535 and 36a-770.
150 "Retail instalment sale". Sections 36a-535 and 36a-770.
151 "Retail seller". Sections 36a-535 and 36a-770.
152 "Reverse annuity mortgage loan". Section 36a-265.
153 "Sales finance company". Sections 36a-535 and 36a-770.
154 "Savings department". Section 36a-285.
155 "Savings deposit". Section 36a-316.
156 "Secondary mortgage loan". Section 36a-510.
157 "Security convertible into a voting security". Section 36a-184.
158 "Share". Section 36a-435.
159 "Simulated check". Sections 36a-485 and 36a-510.
160 "Single common bond membership". Section 36a-435.
161 "Social purpose investment". Section 36a-277.
162 "Standard mortgage loan". Section 36a-265.
163 "Tax and loan account". Sections 36a-301 and 36a-445.
164 "The Savings Bank Life Insurance Company". Section 36a-285.
165 "Time account". Section 36a-316.
166 "Transaction". Section 36a-215.
167 "Travelers check". Section 36a-596.
168 "Troubled financial institution". Section 36a-215.
169 "Uninsured bank". Section 36a-70.
170 "Unsecured loan". Section 36a-615.

171 Sec. 2. (NEW) As used in sections 2 to 7, inclusive, of this act:

172 (1) "Assessment area" means one or more of the geographic areas as
173 delineated by a community credit union and used by the
174 Commissioner of Banking in evaluating the credit union's community
175 reinvestment performance. An assessment area shall, in general,
176 consist of one or more metropolitan statistical areas or one or more
177 contiguous political subdivisions, such as counties, cities or towns. An

178 assessment area shall include geographies in which the credit union
179 has its principal office, subsidiary offices and share-taking automated
180 teller machines, as well as the surrounding geographies in which the
181 credit union has originated or purchased a substantial portion of its
182 loans. A credit union may adjust the boundaries of its assessment areas
183 to include only the portion of a political subdivision that it reasonably
184 can be expected to serve. An assessment area shall consist only of
185 whole geographies, may not reflect illegal discrimination, may not
186 arbitrarily exclude low-income or moderate-income geographies and
187 may not extend substantially beyond a consolidated metropolitan
188 statistical area boundary or beyond a state boundary, unless the
189 assessment area is located in a multistate metropolitan statistical area.

190 (2) "Community credit union" means a Connecticut credit union
191 whose membership is limited to persons within a well-defined local
192 community, neighborhood or rural district.

193 (3) "Community reinvestment performance" means the performance
194 of a community credit union in helping to meet the credit needs of its
195 entire community including low-income and moderate-income
196 neighborhoods.

197 Sec. 3. (NEW) (a) Each community credit union shall satisfy its
198 continuing and affirmative obligation to help meet the credit needs of
199 its local community, including low-income and moderate-income
200 neighborhoods, consistent with the safe and sound operation of such
201 credit union.

202 (b) Not later than six months following the effective date of this act,
203 each community credit union shall, without excluding low-income and
204 moderate-income neighborhoods, delineate one or more assessment
205 areas within which the commissioner shall evaluate the credit union's
206 community reinvestment performance in this state and shall file such
207 delineations and, thereafter, any amendments thereto with the
208 commissioner.

209 (c) The Commissioner of Banking shall assess periodically the
210 community reinvestment performance of the credit union consistent
211 with the safe and sound operation of the credit union. The
212 commissioner shall assess the community reinvestment performance
213 of such credit union based on: (1) The credit union's record of helping
214 to meet the credit needs of its assessment area or areas through
215 qualified investments that benefit its assessment area or areas or a
216 broader statewide or regional area that includes its assessment area or
217 areas; (2) the credit union's record of helping to meet the credit needs
218 of its assessment area or areas by analyzing both the availability and
219 effectiveness of its systems for delivering retail credit union services
220 and the extent and innovativeness of its community development
221 services; (3) loan-to-share ratio given the credit union's size and
222 financial condition, credit needs of the assessment area or areas, other
223 lending-related activities, considering seasonal variations; (4)
224 percentage of loans and other lending-related activities within the
225 assessment area or areas; (5) record of lending and other lending-
226 related activities to borrowers of different income levels, and
227 businesses and farms of different sizes; (6) geographic distribution of
228 loans; and (7) action taken in response to written complaints with
229 respect to community reinvestment performance. In addition, the
230 commissioner shall consider the following in assessing a credit union's
231 record of such performance: (A) Efforts of the credit union to work
232 with delinquent residential mortgage customers who are unemployed
233 or underemployed to facilitate a resolution of the delinquency; and (B)
234 written comments received by the commissioner.

235 (d) (1) Upon the conclusion of the assessment required under
236 subsection (c) of this section, the commissioner shall prepare a written
237 evaluation of the credit union's community reinvestment performance.

238 (2) The performance evaluation shall (A) state the commissioner's
239 assessment of the community reinvestment performance of the credit
240 union, (B) discuss the facts supporting such assessment, and (C)
241 contain the credit union's rating and a statement describing the basis

242 for the rating. The rating shall be one of the following: (i) Outstanding
243 record of meeting community credit needs; (ii) satisfactory record of
244 meeting community credit needs; (iii) needs to improve record of
245 meeting community credit needs; or (iv) substantial noncompliance in
246 meeting community credit needs. The commissioner shall furnish a
247 copy of the performance evaluation to the credit union upon its
248 completion.

249 Sec. 4. (NEW) (a) Copies of the most recent community
250 reinvestment performance evaluation prepared by the Commissioner
251 of Banking pursuant to section 3 of this act shall be provided to the
252 public upon request. A community credit union may charge a
253 reasonable fee not to exceed the cost of copying and mailing, if
254 applicable.

255 (b) Each community credit union shall maintain a public file in
256 which shall be placed not later than thirty business days after its
257 receipt from the commissioner a copy of the credit union's most recent
258 community reinvestment performance evaluation prepared by the
259 commissioner pursuant to section 3 of this act. The credit union may
260 also include in the public file any response to such performance
261 evaluation that such credit union makes. The credit union shall make a
262 copy of such performance evaluation available to the public for
263 inspection upon request and at no cost at the credit union's principal
264 office and at each of its subsidiary offices in this state. Any credit union
265 that receives a rating of needs to improve record of meeting
266 community credit needs or of substantial noncompliance in meeting
267 community credit needs on its most recent evaluation shall include in
268 its public file a description of its current efforts to improve its
269 performance in helping to meet the credit needs of its entire
270 community. The credit union shall update the description quarterly
271 until such time as it receives a satisfactory or better rating from the
272 commissioner.

273 Sec. 5. (NEW) Each community credit union shall provide in the

274 public lobby of its principal office and each of its subsidiary offices in
275 this state a public notice substantially similar to the following:

276 STATE OF CONNECTICUT

277 COMMUNITY REINVESTMENT NOTICE

278 The Commissioner of Banking evaluates our record of helping to
279 meet the credit needs of this community consistent with safe and
280 sound operations. The Commissioner of Banking may also consider
281 this record when deciding on certain applications submitted by us.

282 Your involvement is encouraged.

283 You may review today our most recent community reinvestment
284 performance evaluation prepared by the Commissioner of Banking.

285 You may send written comments about our community
286 reinvestment performance to the Commissioner of Banking (address).
287 Your comments, together with any response by us, will be considered
288 by the Commissioner of Banking in evaluating our community
289 reinvestment performance and may be made public.

290 You may ask to look at any comments received by the
291 Commissioner of Banking.

292 Sec. 6. (NEW) The Commissioner of Banking may consider the

293 community reinvestment performance of a community credit union in
294 connection with (1) an approval of an amendment to the certificate of
295 incorporation pursuant to subsection (g) of section 36a-437 of the
296 general statutes in connection with the establishment or change of
297 location of an office or change in the field of membership; (2) an
298 approval of an expansion of its field of membership pursuant to
299 subsection (d) of section 36a-438 of the general statutes; and (3) an
300 approval of a merger pursuant to section 36a-470 of the general
301 statutes. Based upon such considerations, the commissioner may deny
302 an application evaluated pursuant to this subsection or condition an
303 issuance of approval evaluated pursuant to this subsection.

304 Sec. 7. (NEW) The Commissioner of Banking shall annually prepare
305 and submit to the State Treasurer a list of community credit unions
306 that the commissioner rated as: (1) Needs to improve record of
307 meeting community credit needs; or (2) substantial noncompliance in
308 meeting community credit needs in a community reinvestment
309 performance evaluation prepared pursuant to section 3 of this act. No
310 credit union included in such list may receive funds under the
311 provisions of section 4-33 or 7-402 of the general statutes.

312 Sec. 8. This act shall take effect July 1, 2001.

Statement of Purpose:

To establish a community reinvestment statute for a Connecticut credit union whose membership is limited to persons in a well-defined local community, neighborhood or rural district.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]